

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

MCKESSON CORPORATION, a
Delaware corporation,

Plaintiff,

v.

FAMILYMEDS GROUP, INC., f/k/a
DRUGMAX, INC., a Connecticut
corporation,

Defendant.

FAMILYMEDS GROUP, INC., f/k/a
DRUGMAX, INC., a Connecticut
corporation,

Counterclaimant,

v.

MCKESSON CORPORATION, a
Delaware corporation,

Counterdefendant.

FAMILYMEDS, INC., a Connecticut
corporation,

Cross-Complainant,

v.

MCKESSON CORPORATION, a
Delaware corporation,

Cross-Defendant.

CASE NO. CV 07-5715 WDB
STIPULATED PROTECTIVE ORDER

Complaint filed: Nov. 9, 2007
Counterclaim filed: Dec. 17, 2007
Cross-Complaint Filed: Dec. 17, 2007

1 1. PURPOSES AND LIMITATIONS

2 The parties stipulate that disclosure and discovery activity in this action will involve
 3 production of confidential, proprietary, or private information for which special protection from
 4 public disclosure and from use for any purpose other than prosecuting, defending, or attempting
 5 to settle this litigation would be warranted. Accordingly, the parties hereby stipulate to and
 6 petition the court to enter the following Stipulated Protective Order. The parties further
 7 acknowledge, as set forth in Section 10 below, that this Stipulated Protective Order creates no
 8 entitlement to file confidential information under seal; Civil Local Rule 79-5 sets forth the
 9 procedures that must be followed and reflects the standards that will be applied when a party
 10 seeks permission from the court to file material under seal.

11 2. DEFINITIONS

12 2.1 Party: any party to this action, including all of its present or past officers,
 13 directors, employees, consultants, retained experts, and outside counsel (and their support staff).

14 2.2 Disclosure or Discovery Material: all items or information, regardless of
 15 the medium or manner generated, stored, or maintained (including, among other things,
 16 testimony, transcripts, or tangible things) that are produced or generated in disclosures or
 17 responses to discovery in this matter.

18 2.3 “Confidential” Information or Items: information (regardless of how
 19 generated, stored or maintained) or tangible things that qualify for protection under standards
 20 developed under Fed. R. Civ. P. 26(c).

21 2.4 “Highly Confidential – Attorneys’ Eyes Only” Information or Items:
 22 extremely sensitive “Confidential Information or Items” whose disclosure to another Party or
 23 non-party would create a substantial risk of serious injury that could not be avoided by less
 24 restrictive means.

25 2.5 Receiving Party: a Party that receives Disclosure or Discovery Material
 26 from a Producing Party.

27 2.6 Producing Party: a Party or non-party that produces Disclosure or
 28 Discovery Material in this action.

1 2.7 Designating Party: a Party or non-party that designates information or
2 items that it produces in disclosures or in responses to discovery as "Confidential," or "Highly
3 Confidential – Attorneys' Eyes Only."

4 2.8 Protected Material: any Disclosure or Discovery Material that is
5 designated as "Confidential."

6 2.9 Outside Counsel: attorneys who are not employees of a Party but who are
7 retained to represent or advise a Party in this action.

8 2.10 House Counsel: attorneys who are employees of a Party.

9 2.11 Counsel (without qualifier): Outside Counsel and House Counsel (as well
10 as their support staffs).

11 2.12 Expert: a person with specialized knowledge or experience in a matter
12 pertinent to the litigation who has been retained by a Party or its counsel to serve as an expert
13 witness or as a consultant in this action and who is not a past or current employee of a Party or a
14 competitor of a Party's and who, at the time of retention, is not anticipated to become an
15 employee of a Party or a competitor of a Party's. This definition includes a professional jury or
16 trial consultant retained in connection with this litigation.

17 2.13 Professional Vendors: persons or entities that provide litigation support
18 services (e.g., photocopying; videotaping; translating; preparing exhibits or demonstrations;
19 organizing, storing, retrieving data in any form or medium; etc.) and their employees and
20 subcontractors.

21 3. SCOPE

22 The protections conferred by this Stipulated Protective Order ("Order") cover not only
23 Protected Material (as defined above), but also any information copied or extracted therefrom, as
24 well as all copies, excerpts, summaries, or compilations thereof, plus testimony, conversations, or
25 presentations by parties or counsel to or in court or in other settings that might reveal Protected
26 Material.

27

28

1 4. DURATION

2 Even after the termination of this litigation, the confidentiality obligations imposed by this
3 Order shall remain in effect until a Designating Party agrees otherwise in writing or a court order
4 otherwise directs.

5 5. DESIGNATING PROTECTED MATERIAL

6 5.1 Manner and Timing of Designations. Except as otherwise provided in this
7 Order, or as otherwise stipulated or ordered, material that qualifies for protection under this Order
8 must be clearly so designated before the material is disclosed or produced.

9 Designation in conformity with this Order requires:

10 (a) for information in documentary form (apart from transcripts of
11 depositions and other pretrial or trial proceedings), that the Producing Party affix the legend
12 “CONFIDENTIAL” or “HIGHLY CONFIDENTIAL – ATTORNEYS’ EYES ONLY” at the top
13 of each page that contains Protected Material. If only a portion or portions of the material on a
14 page qualifies for protection, the Producing Party also must clearly identify the protected
15 portions(s) (e.g., by making appropriate markings in the margins) and must specify, for each
16 portion, the level of protection being asserted (either “CONFIDENTIAL” or “HIGHLY
17 CONFIDENTIAL – ATTORNEYS’ EYES ONLY”).

18 A Party or non-party that makes original documents or materials available
19 for inspection need not designate them for protection until after the inspecting Party has indicated
20 which material it would like copied and produced. During the inspection and before the
21 designation, all of the material made available for inspection shall be deemed “HIGHLY
22 CONFIDENTIAL ATTORNEYS’ EYES ONLY.” After the inspecting party has identified the
23 documents it wants copied and produced, the Producing Party must determine which documents,
24 or portions thereof, qualify for protection under this Order, then, before producing the specified
25 documents, the Producing Party must affix the appropriate legend (“CONFIDENTIAL” or
26 “HIGHLY CONFIDENTIAL – ATTORNEYS’ EYES ONLY”) at the top of each page that
27 contains Protected Material. If only a portion or portions of the material on a page qualifies for
28 protection, the Producing Party also must clearly identify the protected portion(s) (e.g., by making

1 appropriate markings in the margins) and must specify, for each portion, the level of protection
2 being asserted (either "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL – ATTORNEYS'
3 EYES ONLY"). For documents disclosed before execution of this Order, the parties agree that
4 such documents may be designated "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL –
5 ATTORNEYS' EYES ONLY" pursuant to the terms of this Order.

6 (b) for testimony given in deposition or in other pretrial or trial
7 proceedings, that the Party or non-party offering or sponsoring the testimony identify on the
8 record, before the close of the deposition, hearing, or other proceeding, all protected testimony,
9 and further specify any portions of the testimony that qualify as "HIGHLY CONFIDENTIAL –
10 ATTORNEYS' EYES ONLY." When it is impractical to identify separately each portion of
11 testimony that is entitled to protection, and when it appears that substantial portions of the
12 testimony may qualify for protection, the Party or non-party that sponsors, offers, or gives the
13 testimony may invoke on the record (before the deposition or proceeding is concluded) a right to
14 have up to 20 days to identify the specific portions of the testimony as to which protection is
15 sought and to specify the level of protection being asserted ("CONFIDENTIAL" or "HIGHLY
16 CONFIDENTIAL – ATTORNEYS' EYES ONLY"). Only those portions of the testimony that
17 are appropriately designated for protection within the 20 days shall be covered by the provisions
18 of this Order.

19 Transcript pages containing Protected Material must be separately bound by the
20 court reporter, who must affix to the top of each such page the legend "CONFIDENTIAL" or
21 "HIGHLY CONFIDENTIAL – ATTORNEYS' EYES ONLY" as instructed by the Party or non-
22 party offering or sponsoring the witness or presenting the testimony.

23

24

25

26

27

28

8 5.2 Inadvertent Failures to Designate. If timely corrected, an inadvertent
9 failure to designate qualified information or items as “CONFIDENTIAL” or “HIGHLY
10 CONFIDENTIAL – ATTORNEYS’ EYES ONLY” does not, standing alone, waive the
11 Designating Party’s right to secure protection under this Order for such material. If material is
12 appropriately designated as “CONFIDENTIAL” or “HIGHLY CONFIDENTIAL –
13 ATTORNEYS’ EYES ONLY” after the material was initially produced, the Receiving Party, on
14 timely notification of the designation, must make reasonable efforts to assure that the material is
15 treated in accordance with the provisions of this Order.

6. CHALLENGING CONFIDENTIALITY DESIGNATIONS

17 6.1 Timing of Challenges. Unless a prompt challenge to a Designating Party's
18 confidentiality designation is necessary to avoid foreseeable substantial unfairness, unnecessary
19 economic burdens, or a later significant disruption or delay of the litigation, a Party does not
20 waive its right to challenge a confidentiality designation by electing not to mount a challenge
21 promptly after the original designation is disclosed.

22 6.2 Meet and Confer. A Party that elects to initiate a challenge to a
23 Designating Party's confidentiality designation must do so in good faith and must begin the
24 process by conferring directly (in voice to voice dialogue; other forms of communication are not
25 sufficient) with counsel for the Designating Party. In conferring, the challenging Party must
26 explain the basis for its belief that the confidentiality designation was not proper and must give
27 the Designating Party an opportunity to review the designated material, to reconsider the
28 circumstances, and, if no change in designation is offered, to explain the basis for the chosen

1 designation. A challenging Party may proceed to the next stage of the challenge process only if it
2 has engaged in this meet and confer process first.

3 6.3 Judicial Intervention. A Party that elects to press a challenge to a
4 confidentiality designation after considering the justification offered by the Designating Party
5 may file and serve a motion under Civil Local Rule 7 (and in compliance with Civil Local Rule
6 79-5, if applicable) that identifies the challenged material and sets forth in detail the basis for the
7 challenge. Each such motion must be accompanied by a competent declaration that affirms that
8 the movant has complied with the meet and confer requirements imposed in the preceding
9 paragraph and that sets forth with specificity the justification for the confidentiality designation
10 that was given by the Designating Party in the meet and confer dialogue.

11 The burden of persuasion in any such challenge proceeding shall be on the
12 Designating Party. Until the court rules on the challenge, all parties shall continue to afford the
13 material in question the level of protection to which it is entitled under the Producing Party's
14 designation.

15 7. ACCESS TO AND USE OF PROTECTED MATERIAL

16 7.1 Basic Principles. A Receiving Party may use Protected Material that is
17 disclosed or produced by another Party or by a non-party in connection with this case only for
18 prosecuting, defending, or attempting to settle this litigation. Such Protected Material may be
19 disclosed only to the categories of persons and under the conditions described in this Order.
20 When the litigation has been terminated, a Receiving Party must comply with the provisions of
21 Section 11 below.

22 Protected Material must be stored and maintained by a Receiving Party at a
23 location and in a secure manner that ensures that access is limited to the persons authorized under
24 this Order.

25 7.2 Disclosure of "CONFIDENTIAL" Information or Items. Unless otherwise
26 ordered by the court or permitted in writing by the Designating Party, a Receiving Party may
27 disclose any information or item designated "CONFIDENTIAL" only to:

28 (a) the Receiving Party's Outside Counsel of record in this action, as

1 well as employees of said Counsel to whom it is reasonably necessary to disclose the
2 information for this litigation and who have signed the "Acknowledgement And
3 Agreement To Be Bound" that is attached hereto as Exhibit A;

4 (b) the officers, directors, and employees (including House Counsel) of
5 the Receiving Party to whom disclosure is reasonably necessary for this litigation and who
6 have signed the "Acknowledgement And Agreement To Be Bound" (Exhibit A);

7 (c) Experts (as defined in this Order) of the Receiving Party to whom
8 disclosure is reasonably necessary for this litigation and who have signed the
9 "Acknowledgement And Agreement To Be Bound" (Exhibit A);

10 (d) the Court and its personnel;

11 (e) court reporters, their staffs, and professional vendors to whom
12 disclosure is reasonably necessary for this litigation and who have signed the
13 "Acknowledgement And Agreement To Be Bound" (Exhibit A);

14 (f) during their depositions, witnesses in the action to whom disclosure
15 is reasonably necessary and who have signed the "Acknowledgement And Agreement To
16 Be Bound" (Exhibit A). Pages of transcribed deposition testimony or exhibits to
17 depositions that reveal Protected Material must be separately bound by the court reporter
18 and may not be disclosed to anyone except as permitted under this Order.

19 (g) the author of the document or the original source of the
20 information.

21 7.3 **HIGHLY CONFIDENTIAL – ATTORNEYS' EYES ONLY**
22 information or Items. Unless otherwise ordered by the court or permitted in writing by the
23 Designating Party, a Receiving Party may disclose any information or item designated "HIGHLY
24 CONFIDENTIAL – ATTORNEYS' EYES ONLY" only to:

25 (a) the Receiving Party's Outside Counsel of record in this action, as
26 well as employees of said Counsel to whom it is reasonably necessary to disclose the information
27 for this litigation and who have signed the "Acknowledgment and Agreement to Be Bound" that
28 is attached hereto as Exhibit A;

(b) House Counsel of a Receiving Party (1) who has no involvement in competitive decision-making, (2) to whom disclosure is reasonably necessary for this litigation, and (3) who has signed the “Acknowledgment and Agreement to be Bound” (Exhibit A);

(c) Experts (as defined in this Order) (1) to whom disclosure is reasonably necessary for this litigation, (2) who have signed the "Acknowledgment of Agreement to Be Bound" (Exhibit A), and (3) as to whom the procedures set forth in paragraph 7.4, below, have been followed;

(d) the Court and its personnel;

(e) court reporters, their staffs, and professional vendors to whom disclosure is reasonably necessary for this litigation and who have signed the "Acknowledgment of Agreement to Be Bound" (Exhibit A); and

(f) the author of the document or the original source of the information.

7.4 Procedures for Approving Disclosure of "HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY" Information or Items to "Experts"

(a) Unless otherwise ordered by the court or agreed in writing by the Designating Party, a Party that seeks to disclose to an “Expert” (as defined in this Order) any information or item that has been designated “HIGHLY CONFIDENTIAL – ATTORNEYS’ EYES ONLY” first must make a written request to the Designated Party that (1) identifies the specific HIGHLY CONFIDENTIAL information that the Receiving Party seeks permission to disclose to the Expert, (2) sets forth the full name of the Expert and the city and state of his or her primary residence, (3) attaches a copy of the Expert’s current resume, (4) identifies the Expert’s current employer(s), (5) identifies each person or entity from whom the Expert has received compensation for work in his or her areas of expertise or to whom the expert has provided professional services at any time during the preceding five years, and (6) identifies (by name and number of the case, filing date, and location of court) any litigation in connection with which the Expert has provided any professional services during the preceding five years.

18 In any such proceeding the Party opposing disclosure to the Expert shall
19 bear the burden of proving that the risk of harm that the disclosure would entail (under the
20 safeguards proposed) outweighs the Receiving Party's need to disclose the Protected Material to
21 its Expert.

1 8. PROTECTED MATERIAL SUBPOENAED OR ORDERED PRODUCED IN
 2 OTHER LITIGATION.

3 If a Receiving Party is served with a subpoena or an order issued in other litigation
 4 that would compel disclosure of any information or items designated in this action as
 5 “CONFIDENTIAL” or “HIGHLY CONFIDENTIAL – ATTORNEYS’ EYES ONLY,” the
 6 Receiving Party must so notify the Designating Party, in writing (by fax, if possible) immediately
 7 and in no event more than three (3) court days after receiving the subpoena or order. Such
 8 notification must include a copy of the subpoena or court order.

9 The Receiving Party also must immediately inform in writing the Party who caused the
 10 subpoena or order to issue in the other litigation that some or all of the material covered by the
 11 subpoena or order is the subject of this Protective Order. In addition, the Receiving Party must
 12 deliver a copy of this Stipulated Protective Order to the Party in the other action that caused the
 13 subpoena or order to issue.

14 The purpose of imposing these duties is to alert the interested parties to the existence of
 15 this Protective Order and to afford the Designating Party in this case an opportunity to try to
 16 protect its confidentiality interests in the court from which the subpoena or order issued. The
 17 Designating Party shall bear the burdens and the expenses of seeking protection in that court of its
 18 confidential material – and nothing in these provisions should be construed as authorizing or
 19 encouraging a Receiving Party in this action to disobey a lawful directive from another court.

20 9. UNAUTHORIZED DISCLOSURE OF PROTECTED MATERIAL

21 If a Receiving Party learns that, by inadvertence or otherwise, it has disclosed Protected
 22 Material to any person or in any circumstance not authorized under this Stipulated Protective
 23 Order, the Receiving Party must immediately (a) notify in writing the Designating Party of the
 24 unauthorized disclosures, (b) use its best efforts to retrieve all copies of the Protected Material, (c)
 25 inform the person or persons to whom unauthorized disclosures were made of all the terms of this
 26 Order, and (d) request such person or persons to execute the “Acknowledgment And Agreement
 27 To Be Bound” that is attached hereto as Exhibit A.

1 10. FILING PROTECTED MATERIAL

2 Without written permission from the Designating Party or a court order secured after
3 appropriate notice to all interested persons, a Party may not file in the public record in this action
4 any Protected Material. A Party that seeks to file under seal any Protected Material must comply
5 with Civil Local Rule 79-5.

6 11. FINAL DISPOSITION

7 Unless otherwise ordered or agreed in writing by the Producing Party, within 60 days after
8 the final termination of this action, each Receiving Party must return all Protected Material to the
9 Producing Party. As used in this subdivision, "all Protected Material" includes all copies,
10 abstracts, analyses, compilations, summaries or any other form of reproducing or capturing any of
11 the Protected Material and expressly excludes material which qualifies as work product protected
12 by the attorney work product privilege. With permission in writing from the Designating Party,
13 the Receiving Party may destroy some or all of the Protected Material instead of returning it.
14 Whether the Protected Material is returned or destroyed, the Receiving Party must submit a
15 written certification to the Producing Party (and, if not the same person or entity, to the
16 Designating Party) by the 60-day deadline that identifies (by category, where appropriate) all the
17 Protected Material that was returned or destroyed and that affirms that the Receiving Party has
18 not retained any copies, abstracts, analyses, compilations, summaries or other forms of
19 reproducing or capturing any of the Protected Material. Notwithstanding this provision, Counsel
20 are entitled to retain an archival copy of all pleadings, motion papers, transcripts, legal
21 memoranda, correspondence or attorney work product, even if such materials contain Protected
22 Material for the purpose of keeping a legal file. Any such archival copies that contain or
23 constitute Protected Material remain subject to this Protective Order as set forth in Section 4
24 above.

25

26

27

28

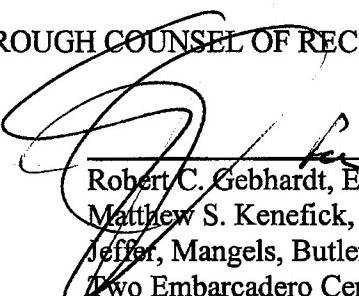
12. **MISCELLANEOUS**

12.1 **Right to Further Relief.** Nothing in this Order abridges the right of any
person to seek its modification by the Court in the future.

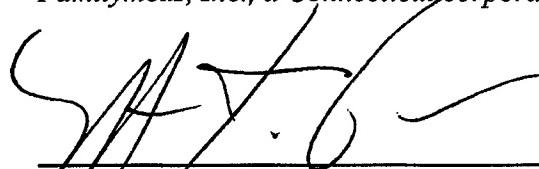
12.2 **Right to Assert Other Objections.** By stipulating to the entry of this
Protective Order no Party waives any right it otherwise would have to object to disclosing or
producing any information or item on any ground not addressed in this Stipulated Protective
Order. Similarly, no Party waives any right to object on any ground to use in evidence of any of
the material covered by this Protective Order.

IT IS SO STIPULATED, THROUGH COUNSEL OF RECORD.

Dated: March 7, 2008


Robert C. Gebhardt, Esq.
Matthew S. Kenefick, Esq.
Jaffer, Mangels, Butler, Marmaro, LLP
Two Embarcadero Center, Fifth Floor
San Francisco, CA 94111-3824
Phone: (415) 398-8080
*Attorneys for Defendant and Counterclaimant
Familymeds Group, Inc., f/k/a Drugmax, Inc., a
Connecticut corporation and Cross-Complainant
Familymeds, Inc., a Connecticut corporation*

Dated: March 7, 2008


Maria K. Dum, Esq.
Kristen E. Caverly, Esq.
Henderson & Caverly LLP
16236 San Dieguito Road, Suite 4-13
Rancho Santa Fe, CA 92067-9144
Phone: (858) 756-6342
Attorneys for Plaintiff McKesson Corporation

PURSUANT TO STIPULATION, IT IS SO ORDERED.

Dated:

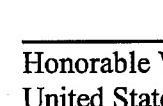

Honorable Wayne D. Brazil
United States District Judge

EXHIBIT A

ACKNOWLEDGMENT AND AGREEMENT TO BE BOUND

I, [print or type full name], of _____
[print or type full address], declare under penalty of perjury that I
have read in its entirety and understand the Stipulated Protective Order that was issued by the
United States District Court for the Northern District of California on _____ [date] in
the case of McKesson Corporation v. Familiy whole Group, Inc. etc., et al., Case No. CV 07-5715
WDB. I agree to comply with and to be bound by all the terms of this Stipulated Protective Order
and I understand and acknowledge that failure to so comply could expose me to sanctions and
punishment in the nature of contempt. I solemnly promise that I will not disclose in any manner
any information or item that is subject to this Stipulated Protective Order to any person or entity
except in strict compliance with the provisions of this Order.

15 I further agree to submit to the jurisdiction of the United States District Court for the
16 Northern District of California for the purpose of enforcing the terms of this Stipulated Protective
17 Order, even if such enforcement proceedings occur after termination of this action.

19 Date:

20 City and State where sworn and signed:

21 Printed name:

22 | Signature:

23

24

25

26

25 | P a g e

Digitized by srujanika@gmail.com

673830.1